

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1348

ANSWERED ON:02.03.2001

NEW LAWS FOR SICK COMPANIES

ALE NARENDRA;BASUDEB ACHARIA;KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government is coming up with a new law for insolvent and sick industries as reported in 'The Economic Times' dated January 8, 2000;
- (b) if so, the Government's stand relating to SICA and BIFR;
- (c) whether the views/objections of Labour Ministry are also being taken into consideration;
- (d) the manner by which the interests of workers are being protected;
- (e) whether there is any proposal to create a Solvency Fund instead of scrapping BIFR and SICA; and
- (f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL)

(a) : Yes, Sir.

(b) : The Eradi Committee on Law Relating to Insolvency and Winding up of companies submitted its report to the Government on 31.8.2000. The Eradi Committee has inter-alia suggested setting up of a National Tribunal with the functions and powers presently exercised by (a) Company Law Board (CLB) (b) by High Court on winding up of Companies, amalgamation schemes or arrangement matters and (c) by the Board for Industrial & Financial Reconstruction/Appellate Authority for Industrial & Financial Reconstruction under Sick Industrial Companies (Special Provisions) Act, 1985 for rehabilitation of sick industrial units.

In view of the recommendations of the Eradi Committee a proposal to repeal Sick Industrial Companies (Special Provisions) Act, 1985 and amendments to Companies Act, 1956 are under active consideration of the Government.

(c) to (d) : Yes, Sir. The Minister of Labour is one of the Members of the Group of Ministers on repeal of SICA and related matters. The proposed new law for constitution of National Company Law Tribunal would incorporate necessary provisions to protect the interests of labour.

(e) : No, Sir.

(f): Does not arise.